Broadband in Alaska:
Assessing the impact of the proposed FCC Policy under the National Broadband Plan

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Presented by Alaska Communications

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Alaska – Our state is indeed different with a much greater reliance on communications infrastructure

Stretching from St. Augustine FL to San Francisco CA, Alaska has, by far, the lowest population density in the US

1 mile of paved road for every 640 square miles of land**. This 1:640 ratio compares to 1:26 in North Dakota and 1:11 for New York!!!**

Telecommunications is vitally important as the majority of the communities are only served by air/boat

Alaska has 508 schools, many isolated, across 56 school districts ranging in size from 15 to 50,000 students with total enrollment of 132,000 students, yet Alaska is 562,000 square miles.

> **Alaska's Kenai Peninsula Borough School District has ~9,000 children in K-12 for ~26,000 square miles compared to ~282,000 children in K-12 in the entire state of West Virginia with ~24,000 square miles.**

Native Alaskans have shorter life expectancies, higher maternal, child and infant death rates, as well as uninsured rates twice the national average.

> Quality of care depends heavily on **communication powered technologies**, including: **Telemedicine, Remote Patient Monitoring, Electronic Health Records** and continuing medical education.

Alaska's waters are estimated to contain more than 30% of the nations known recoverable offshore resources. Supporting investments in our energy independence requires investment in telecom.

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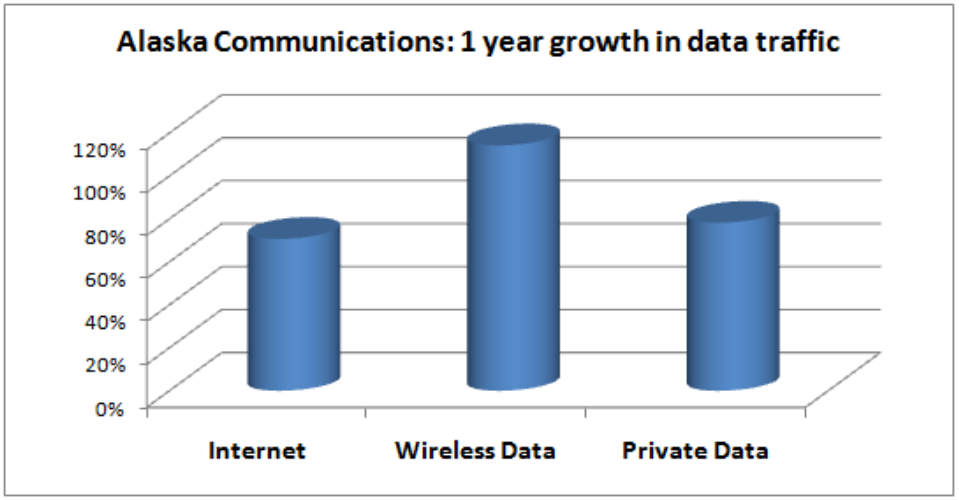
Yet, the appetite for broadband is no different in Alaska …



Over 300 communities not the road system puts a premium on communications.

From remote learning to telemedicine, from telemetry for the oil pipeline to sensitive military data, **telecommunications is critical to Alaska**, as it is for the rest of the country.

Alaska has traditionally had one of the **highest rates of Internet use** in the nation – ~80% in Alaska compared to ~72% in all of the US (Source: NTIA CPS Internet Use 2010)

Over the last decade, Alaska based telecommunications companies have **invested over $1.5 Billion** in infrastructure connecting Alaskans to each other and the rest of the world. Assuming a rational support mechanism policy, **hundreds of millions in additional investments are proposed** over the next 5 years to bring 4G Wireless and the latest in broadband technologies to the state. Unlike national players doing business in Alaska, we do not cherry pick our markets – we live and work in the neighborhoods we serve. **We rely on support mechanisms** designed by the FCC and the RCA to recover these investments.

Approximately **3,000 Alaskans are directly employed** by telecommunications companies in the state.

Federal and state based policies/support mechanisms drive private investment. Collectively, we create jobs and vital infrastructure.

We have the track record to prove it – and we need to continue this partnership.

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Because of the high cost build, Alaskan telecom companies rely on support dollars to operate and invest in networks

1. Because of the high cost to build, we rely on state and support mechanism.
2. With about 20 service providers in the state, **support dollars**, including access revenues, represent anywhere **between 25% - 90% of service provider revenues**.
3. Investments in communications infrastructure goes beyond the last mile:
    1. **In-state middle mile and long haul in Alaska is most challenging** – and is a combination of fiber, microwave and satellite.
    2. **Inter-state long haul is submarine fiber – with two Alaskan companies, ACS and GCI, owning and operating 2 cable systems each**
4. **National providers** in the Alaska market (AT&T Mobility) or seeking to enter the Alaska market (VZW) do not have the same reliance on support mechanism because they **cherry pick the markets they serve,** and there has been no track record of national providers stepping in to meet the universal service obligations.
5. Contemplated policy **cuts current High Cost Fund support from approximately [REDACTED FOR PUBLIC INSPECTION]** in 2010 to an amount ranging from **[REDACTED FOR PUBLIC INSPECTION] under the proposed Connect America Fund**. This will cause Alaskan companies to significantly retrench our investments.
    1. This will **weaken vital infrastructure** in the State, and
    2. **Impact jobs** of many Alaskans
6. ACS, in collaboration with other leading telecom providers in Alaska, has **proposed mechanisms to cap support dollars** and yet create a **sustainable public policy approach for broadband in Alaska**. So far, this proposal appears to have been ignored by the FCC

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In Summary ….

1. Alaska is a state unique in its characteristics. **Alaska's Kenai Peninsula Borough School District has ~9,000 children in K-12 for ~26,000 square miles compared to ~282,000 children in K-12 in the entire state of West Virginia with ~24,000 square miles.**

2. **Sound public policy over the last decade has enabled rational investments** in broadband infrastructure in Alaska. In the last decade, Alaska based telecommunications companies have invested over **$1.5 Billion in infrastructure** connecting Alaskans to each other and the rest of the world. Assuming a rational support mechanism continues, **hundreds of millions in additional investments are proposed over the next 5 years** to bring 4G Wireless and the latest in broadband technologies to the state.

3. **The current National Broadband Plan policy being contemplated**, with no consideration for the needs of Alaska, is **extremely detrimental to future private investment, Alaska infrastructure and jobs.**

4. **Alaska's providers have proposed a policy approach** to provide a continued rational framework**:**
    1. Freeze the amount of support to curtail growth at 2010 levels
    2. Shift support over time from urban to rural areas
    3. Use the reallocation to fund growth in wireless, especially wireless broadband
    4. Continue support of existing providers, and
    5. Tie support to broadband deployment where feasible (based on terrestrial transport capability)

Alaska Communications requests incorporation of our proposal into proposed FCC policy.